

## Message Text

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PAGE 01 BRASIL 05748 131547Z

ACTION ARA-14

INFO OCT-01 ISO-00 NEA-10 ARAE-00 PM-04 NSC-05 SP-02

SS-15 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 AID-05 IGA-02 EB-07 COME-00 TRSE-00

OMB-01 XMB-02 L-03 /086 W

-----037539 131551Z /43

P R 131320Z JUL 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 2708

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 5748

E.O. 11652: N/A

TAGS: EFIN, BR

SUBJ: BRAZIL DUE TO GET ARAB MONEY

1. A FINANCE MINISTRY SOURCE HAS CONFIRMED THAT BRAZIL IS NEGOTIATING A DOLS 55 MILLION LOAN WITH SAUDI ARABIA TO HELP FINANCE THE EXPANSION PLANS OF THE SAO FRANCISCO HYDRO-ELECTRIC COMPANY (CHESF). THE CREDIT IS BEING NEGOTIATED PARALLEL TO AN IDB LOAN TO THE SAME PROJECT. ACCORDING TO OUR SOURCE, THIS PARALLEL FINANCING IS SIMILAR TO THE ONE WHICH THE WORLD BANK DID LAST YEAR WITH THE BANK OF AMERICA AND OTHERS. THE ONLY REMAINING HURDLE BEFORE THE LOAN CAN BE SIGNED, THE SOURCE INFORMED US, IS THE QUESTION OF THE APPLICABILITY OF THE ARAB BOYCOTT TO THIS LOAN. THE BRAZILIANS APPARENTLY HAVE SOME DIFFICULTY IN MEETING THE SAUDI DEMANDS WITH RESPECT TO THE BOYCOTT, BUT ARE HOPEFUL IN FINDING A SOLUTION WITHIN THE NEXT FEW DAYS. THE MATTER IS BEING STUDIED BY THE MINISTRY OF EXTERNAL RELATIONS.

2. DURING A MEETING WITH THE CENTRAL BANK DIRECTOR

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FOR THE EXTERNAL AREA (BRACHER) ON ANOTHER SUBJECT, FINATT ASKED ABOUT THE STATUS OF THE NEGOTIATIONS WITH SAUDI ARABIA. BRACHER WAS VERY RELUCTANT TO GO INTO DETAILS BUT DID CONFIRM THAT A PARALLEL FINANCING PACKAGE WAS BEING DISCUSSED AND WAS HOPEFUL ABOUT AN EARLY CONCLUSION. WHEN ASKED ABOUT THE SIZE OF THE LOAN, BRACHER SAID "ABOUT DOLS 50 MILLION".

3. ACCORDING TO THE HEAD OF THE CAPITAL REGISTRATION  
DIVISION OF THE CENTRAL BANK (ANTONIO SEIXAS), THE  
TERMS BEING NEGOTIATED ARE 20-YEAR MATURITY,  
5-YEAR GRACE AND A RATE OF INTEREST OF 5 PERCENT.  
RUSER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, NEGOTIATIONS, LOANS, HYDROELECTRIC POWER PLANTS  
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**Copy:** SINGLE  
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**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977BRASIL05748  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**SAS ID:** 1882234  
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**Status:** NATIVE  
**Subject:** BRAZIL DUE TO GET ARAB MONEY  
**TAGS:** EFIN, ENRG, BR, SA  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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